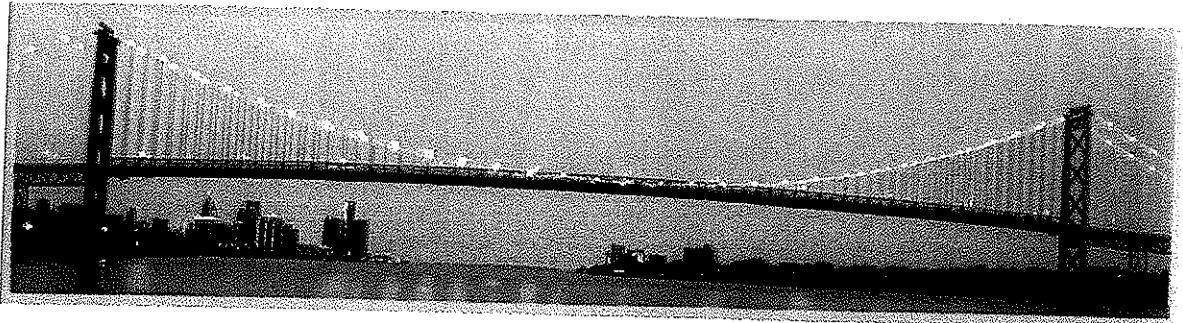


The Ambassador Bridge

"A Detroit Original...Serving the World"



Fast Facts:

- North America's Most Efficient Border Crossing
- Opened in 1929 as the world's longest suspension bridge
- Built through entrepreneurial vision and 100% private funding
- Privately owned and operated by the Moroun family
- Currently handles more than 13,000 vehicles per day
- The Ambassador Bridge and Moroun family of companies employ over 2,000 people in Michigan

Latest Improvements (all privately funded):

- \$29 million total bridge deck replacement project underway
- \$430 million expansion to plazas, including additional toll booths, fueling stations, customs facilities and new bridge approach ramps in preparation for second 6-lane span
- \$10 million high-tech electrical sub-station with total redundant power capability

Alternative Energy Expansion:

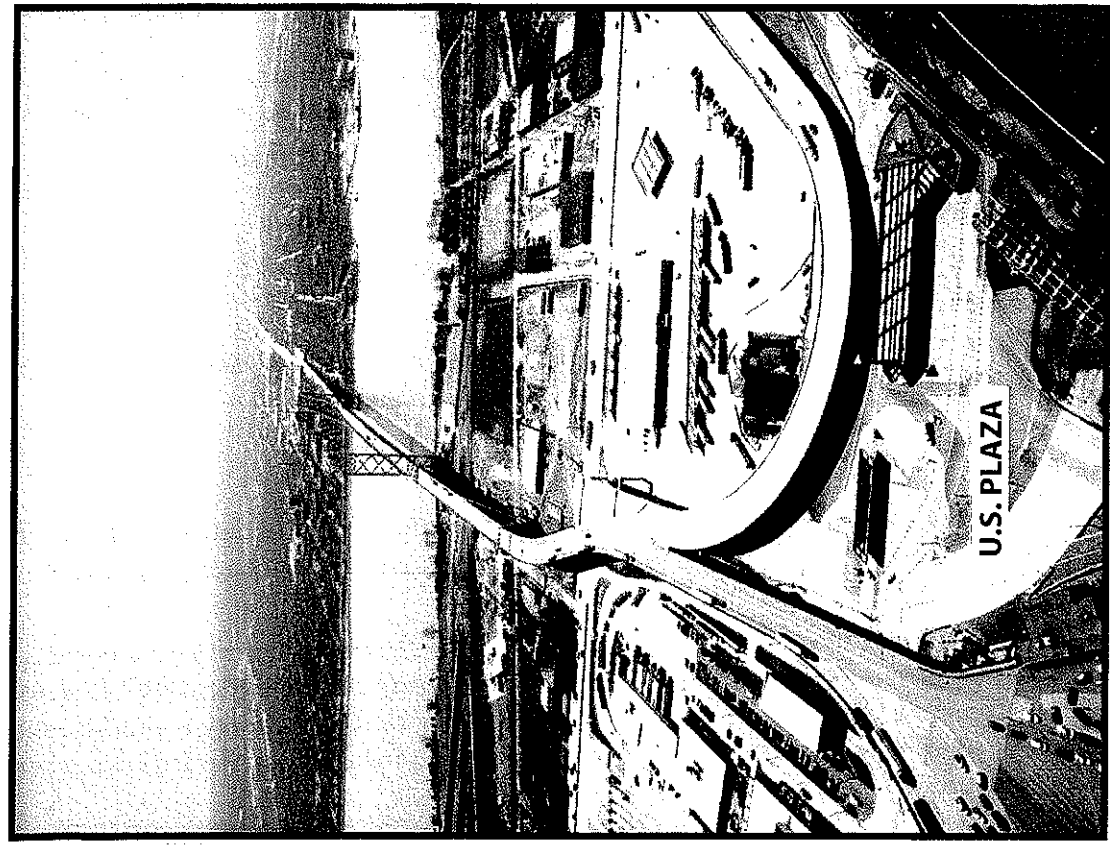
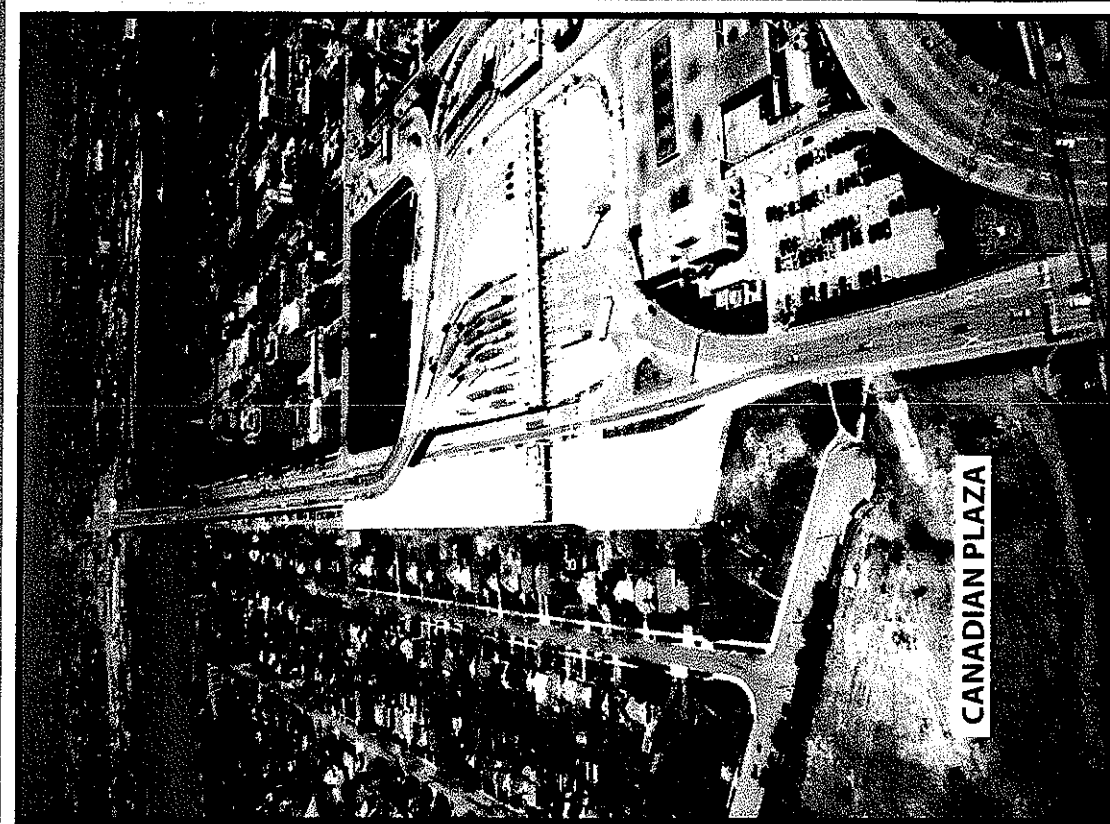
- New LED lighting project will deliver 60% energy reduction and increase safety
- Aggressively pursuing wind, solar and hydro power generation
- To-date, the Moroun family of companies have reduced electricity demand by 4.1 million kilowatts - enough to power more than 250 homes annually

Community Partnership:

- The Ambassador bridge Company and Moroun family are dedicated stewards and have contributed millions of dollars to community organizations throughout the years, with an intense focus on social and educational causes.
- Most recently, The Ambassador Bridge Company and the Moroun family donated more than \$200,000 to the Community Health and Social Services Center (CHASS) in SW Detroit to build a Community Education Center within its brand new health care facility, to provide residents with wellness programs including behavioral health services, individual and family counseling, nutrition, and group education.



www.ambassadorbridge.com



SETTING THE RECORD STRAIGHT

Detroit River International Crossing Setting the Record Straight

Background

The Ambassador Bridge is located between Detroit and Windsor, Ontario, and carries 26 percent of the commerce between the U.S. and Canada. It is privately owned and operated without the need for federal or state taxpayer dollars.

A privately funded enhancement span of the Ambassador Bridge, currently planned, would create much needed jobs in the Detroit area and can be commenced within 60 days and completed within 30 months of approval from Canada. A new span at the Ambassador Bridge has been an integral part of the Ambassador Bridge Gateway Project for more than a decade, and will maximize the ongoing public infrastructure investment of over \$230 million.

The DRIC is an unnecessary, "bi-national" effort driven by Canadian interests that would be located about one mile from the Ambassador Bridge. It would cost U.S. taxpayers billions of dollars, take years to build and devastate the important Detroit community of Delray.

SETTING THE RECORD STRAIGHT

Private Investment vs. Unnecessary Spending of Taxpayer Dollar

Ambassador Bridge

Private Enterprise Providing Economic Stimulus to Detroit - A Better Bridge

Detroit International River Crossing (DRIC)

Wasteful Taxpayer Spending - A Bridge Too Far

- | | |
|--|--|
| <ul style="list-style-type: none"> • The upgrades to the Ambassador Bridge and the \$1 billion private investment by the Detroit International Bridge Company, the owners and operators, would create more than 20,000 jobs over the next two decades and nearly 4,000 jobs within the first year. • "Toll credits" from the Ambassador Bridge can be used by the state of Michigan as a match for federal funding - funds that would not otherwise be available because of matching requirements. | <ul style="list-style-type: none"> • If the DRIC proposal is allowed to proceed, it will take years to build and cost U.S. taxpayers billions of dollars. In addition, taxpayers would be responsible for the upkeep and future improvements to the bridge. DRIC would also strand the \$230 investment in the Gateway Project (nearing completion) after over a decade of commitments to improve the border infrastructure in Detroit. • The DRIC proposal has no land, no Presidential Permit and has not been approved by the US Coast Guard. |
| <ul style="list-style-type: none"> • The Ambassador Bridge Enhancement Project can be commenced with private funding and completed within 30 months of final approvals. The complementary Ambassador Bridge Gateway Project is scheduled for completion in 2010. | <ul style="list-style-type: none"> • The DRIC would take years to plan and build, costing taxpayers more than \$3 billion. If approved, initial activities for the DRIC include condemning large areas of the minority populated Detroit community of Delray and applying for required federal permits. • No community redevelopment or "benefits agreement" could materialize until DRIC Bridge construction is done (2021-2025) |

SETTING THE RECORD STRAIGHT

Addressing Traffic Capacity

Ambassador Bridge

Private Enterprise Providing Economic Stimulus to Detroit - A Better Bridge

- Traffic volumes between the U.S. and Canada have been steadily declining since 1999, and the Ambassador Bridge is operating well below capacity. The Ambassador Bridge Enhancement Project takes into consideration future growth and traffic capacity.

- The Ambassador Bridge Gateway Project, a \$230 million publicly funded project creating new and direct connections to the existing Ambassador Bridge from I-75, I-96 and I-94 in Detroit, is underway and will be completed later this year.
- The U.S. Congress and Michigan Department of Transportation have provided more than \$430 million to improve the existing Blue Water Bridge between Port Huron, Mich., and Sarnia, Ontario.

Detroit International River Crossing (DRIC)

Unnecessary Taxpayer Spending - A Bridge Too Far

- The DRIC traffic projections are based on outdated, inaccurate traffic projections that predict steady, sharp traffic growth, while traffic volumes have actually *declined* for more than a decade.
- The proposed DRIC proposal is duplicative, ill-timed and unnecessary - viable border crossings already exist in the region and the U.S. Congress and the state of Michigan have spent hundreds of millions of dollars to improve these crossings.
- The DRIC crossing is not needed to handle the additional capacity expected in the next two decades, or to improve flexibility or provide redundancy of basic transportation needs.
- The DRIC's success requires diverting a huge amount of traffic from the existing three border crossings in the region. If DRIC actually receives that traffic, it would cause the existing three crossings to generate insufficient revenue to remain solvent. If DRIC does not realize projected traffic, it would require permanent financial subsidies from Michigan and U.S. taxpayers.

SETTING THE RECORD STRAIGHT

Environmental Justice and Protecting Vulnerable Communities

Ambassador Bridge

Private Enterprise Providing Economic Stimulus to Detroit - A Better Bridge

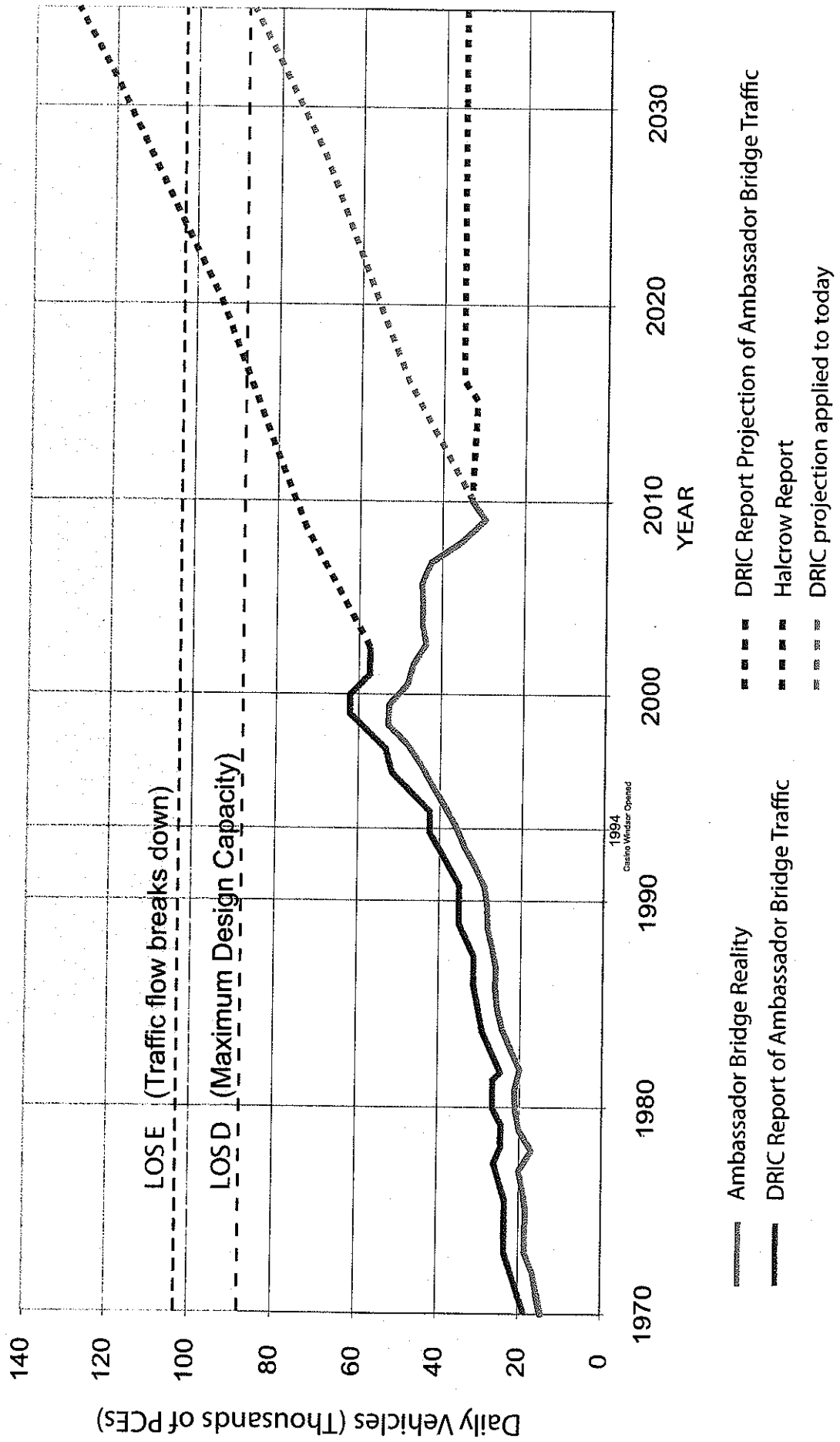
- The Ambassador Bridge Enhancement Project has been planned in a thoughtful way to minimally impact area residents and the environment. Property has been secured on both sides of the river, effectively making a minimal impact on homes and relocations when building starts. The historic Canadian Sandwich Town in Windsor, Ontario, will be preserved and, because the new span's main towers are designed to be on land, there is no environmental impact on the river or impediment to navigation.
- No properties would be condemned, and the enhancement span is in an existing industrial area with no new environmental impacts.
- The Ambassador Bridge recently spent more than \$60 million for a new water treatment facility and infrastructure enhancements, and the owners continue greening their operations to benefit the surrounding communities.

Detroit International River Crossing (DRIC)

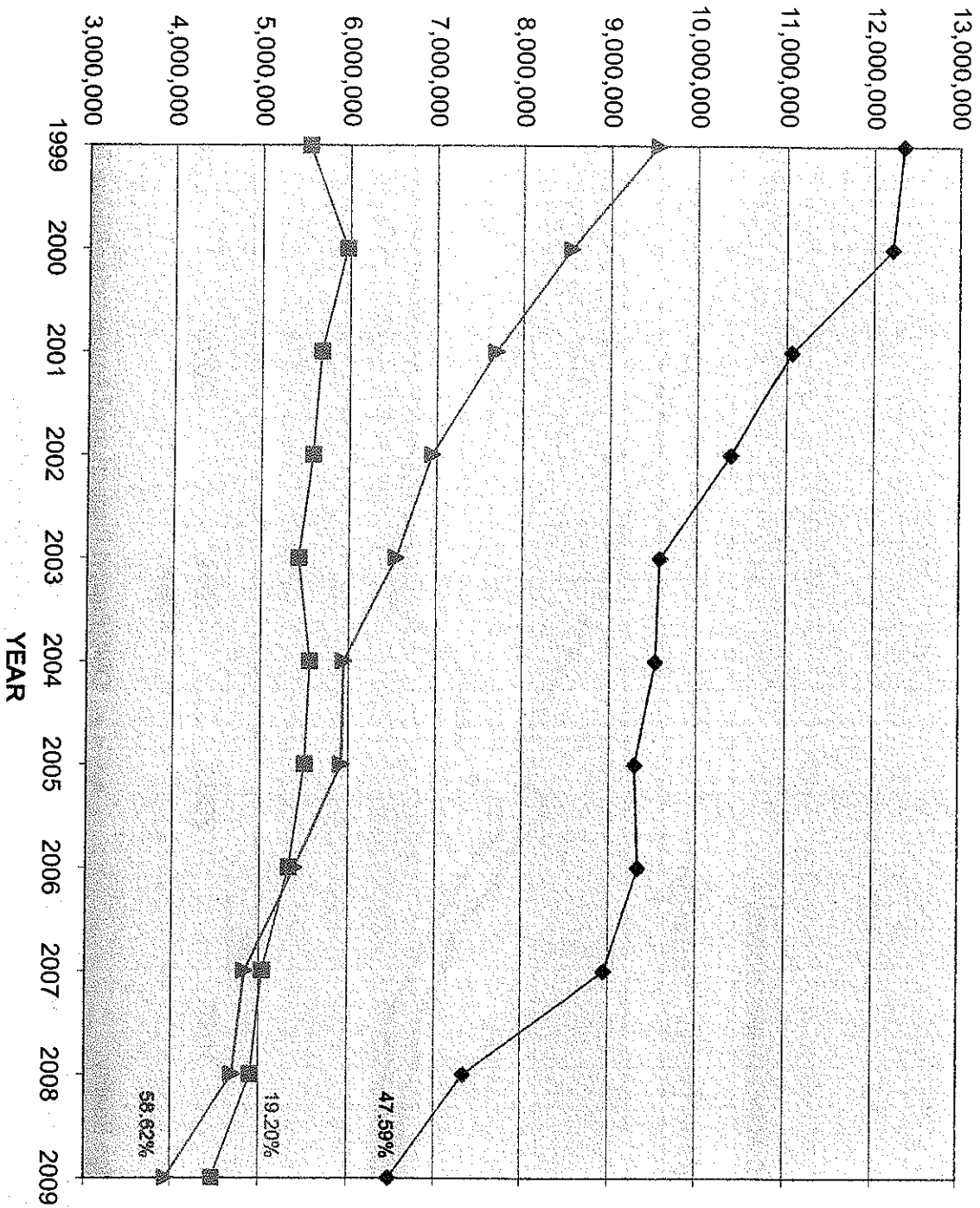
Unnecessary Taxpayer Spending - A Bridge Too Far

- Predominantly white neighborhood locations for the landing of the DRIC in the U.S. were removed from consideration by politicians rather than by necessity in order to give "not in my backyard" (NIMBY) rights to the wealthy at the expense of the minority community of Delray.
- The DRIC would require the condemnation of more than 257 homes Delray, displacement of hundreds of jobs and require reliance on a questionable environmental impact analysis. Three quarters of the displaced residents are minorities.

DRIC Report versus Ambassador Bridge Actual



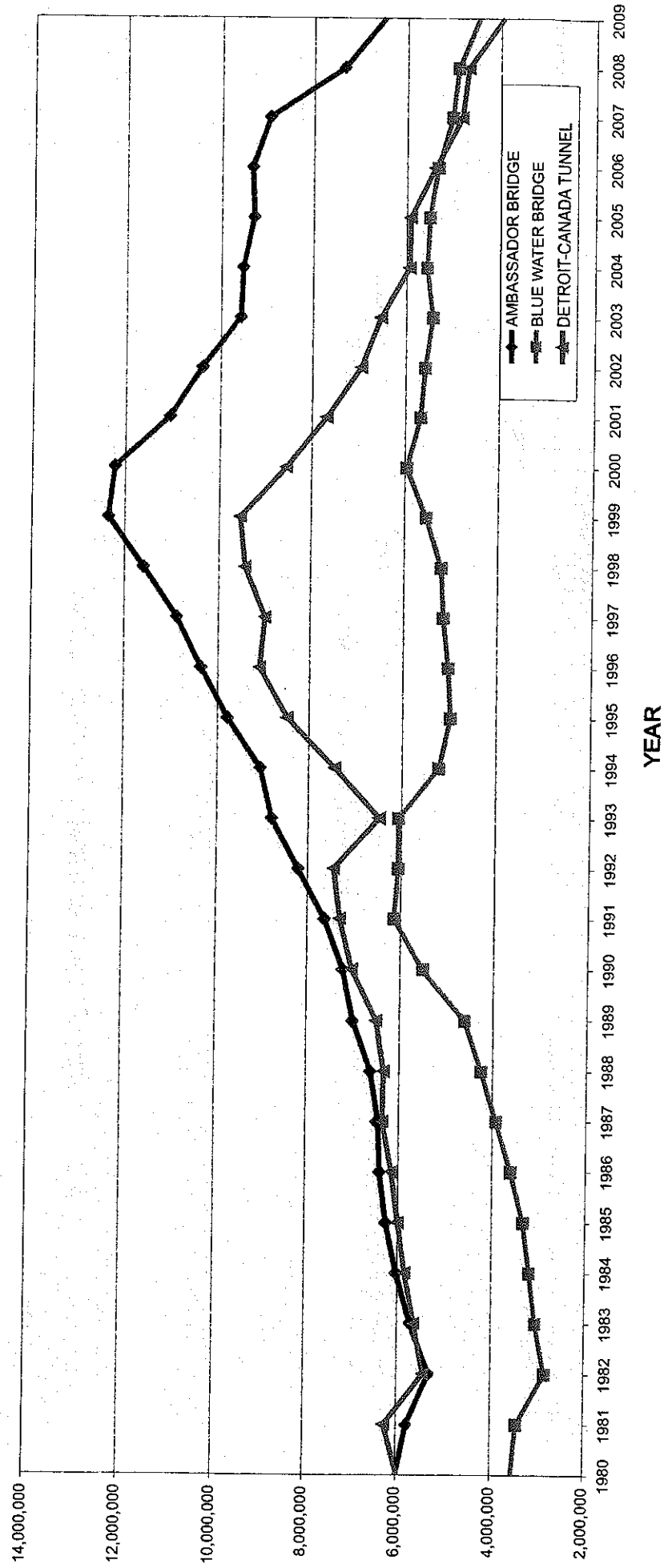
AUTOMOBILE AND TRUCK COMBINED TOTALS 1999 THROUGH 2009



◆ AMBASSADOR BRIDGE
 ■ BLUE WATER BRIDGE
 ▲ DETROIT WINDSOR TUNNEL

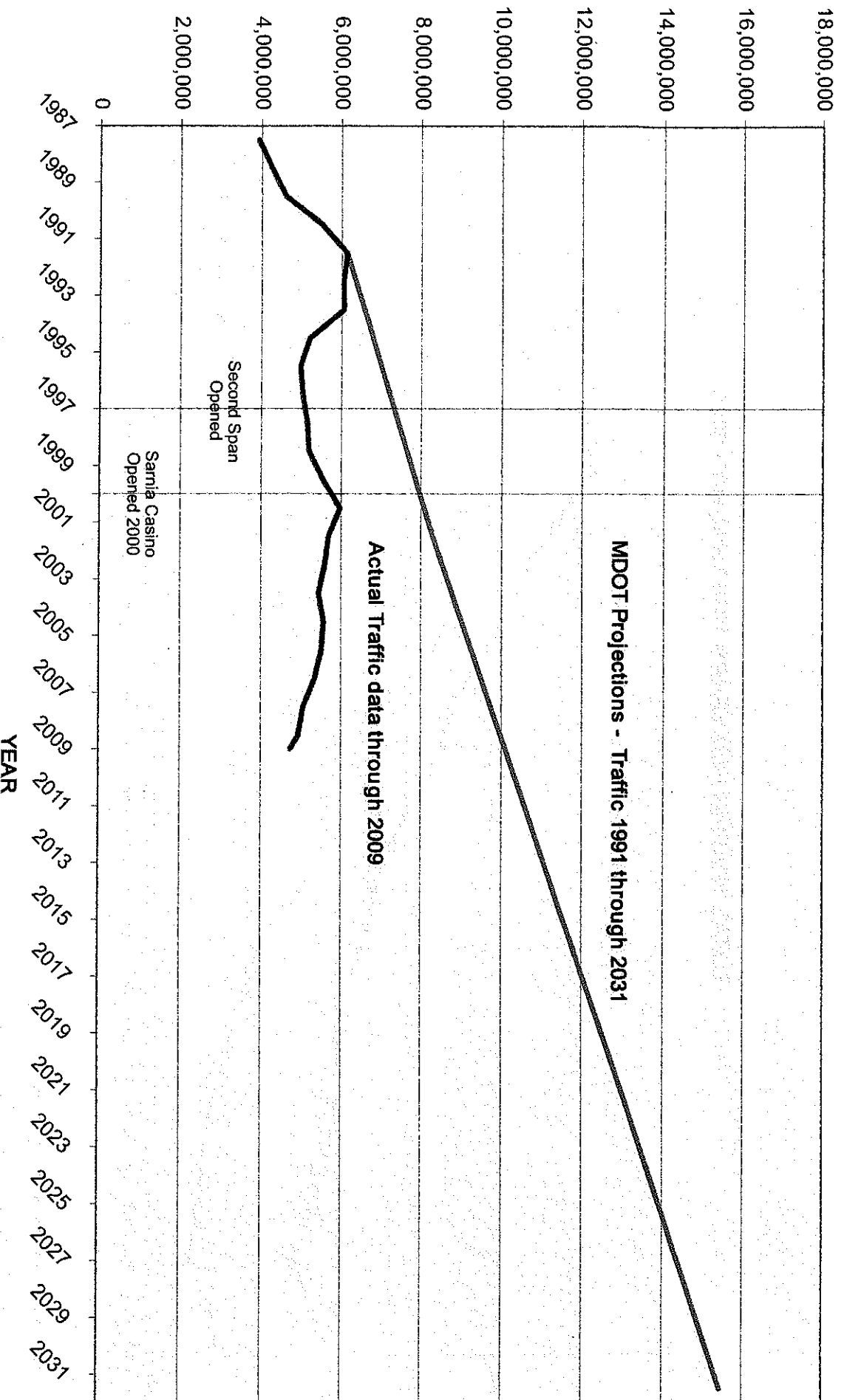
Note 1: The Sarnia Casino opened in 2000 resulting in the Blue Water Bridge traffic remaining relatively constant.
 Note 2: The Blue Water Bridge Second Span opened in 1997.

TOTAL TRAFFIC FOR YEARS 1980 THROUGH 2009



Source: BTOA monthly reports of actual traffic

BLUE WATER BRIDGE TRAFFIC VOLUME



Source: MDOT Projections - Blue Water Bridge Additional Capacity Project Environmental Report, June 1994.
Actual Traffic - BTOA monthly reports of all crossings

DATE: February 6, 2006
TO: Mohammed Alghurabi
Bureau of Transportation Planning
FROM: Andrew J. Zeigler
Metro Region Office
SUBJECT: Ambassador Bridge/ Gateway Project

This responds to your February 6, 2006 inquiry regarding the understanding that the subject project is to accommodate a potential future second span to the Ambassador Bridge. Please be advised, references to that effect include the following:

- November 21, 1994 letter from MDOT Director Nowak to Dan Stamper, President, Detroit International Bridge Company (DIBC): page two, paragraph 4 - "A work program will be developed outlining the project scope, schedule, and approach to address long term planning issues. The long term study for congestion mitigation and access improvement to I-75 is anticipated to include: a) identification of serious alternatives to address projected border crossing needs, including consideration of a new span at the existing location and new crossing location(s),"
- March 10, 1995 Request for Proposal (95-017) To conduct Preliminary Engineering Studies and Prepare A Draft and Final Federal Environmental [Impact] Statement or Environmental Assessment For Access Improvement to the Ambassador Bridge as Part of a Gateway Project within the City of Detroit, Wayne County, Michigan: Section II, Work Statement, page 5, Section I., paragraph 2, item 2 - "2. accommodate access to meet future border crossing capacity needs and projected plans by the Detroit International Bridge Company (DIBCO) for improvements to the Ambassador Bridge, including the possibility of a new future span;...."
- June, 1996 Ambassador Bridge/Gateway Project, Major Investment Study, Final Report: Section 1. Introduction and Study Process, page 1-1, paragraph 2, second bullet - "When constructed the project will "Accommodate access to meet future border crossing capacity needs and projected plans by DIBC for a second span of the Ambassador Bridge located west of and adjacent to the existing bridge;...."
- July 26, 1996 Ambassador Bridge Gateway Project Memorandum of Understanding: Project Description, page 2, first paragraph 1, item 2. - "2. Accommodate access to meet future border crossing capacity needs and projected plans by the DIBC for improvements to the Ambassador Bridge, including the future possibility of a new span."

MDOT Memorandum to Mohammed Alghurabi
Page 2

- January, 1997 Environmental Assessment & Programmatic Section 4(f) Evaluation, Ambassador Bridge/Gateway Project: Section 1 Description of the Proposed Project and Alternatives Considered, Part A Overview and Relationship to Major Investment Study (MIS), page 1-1, second paragraph, second bullet: **When constructed, the project will "Accommodate future border crossing capacity needs and a potential future second span of the Ambassador Bridge located west of and adjacent to the existing bridge."**
- October 23, 1997 Federal Highway Administration (FHWA) letter and Finding of No Significance Impact (FONSI), attached documentation supporting the FONSI, page 9, second paragraph, last line - **"However, MDOT's position relative to issues expressed by DIBC is clear.....The project has met all objectives identified in Mr. Nowak's letter of November 21, 1994, and by the Project Steering Committee of which DIBC is a participating member."**
- On September 9, 1999, the FHWA completed review of the revised plan and re-evaluation of the Project and concluded that: 1) the existing FONSI and modifications to the I-75/I-96 interchange approved on October 23, 1997 remain valid; and 2) the Department may proceed with further Project development.
- On January 15, 2004, the FHWA completed review of the second re-evaluation plan submitted for review on December 23, 2003. FHWA review of the re-evaluation for the Gateway 2003 Revised Plan supports the finding that no additional, significant environmental, economic, or social impacts will occur from the proposed project. Therefore, FHWA's FONSI dated October 23, 1997 remains valid.
- April 23, 2004 implementation agreement between the MDOT and DIBC for the Ambassador Bridge/Gateway Project: page 5, Section 2 - **The Parties agree that the Project meets the objectives as identified in the Gateway Study, is listed under item B - "B. Accommodate a potential future second span of the BRIDGE."**
- October 20, 2004 development agreement between the MDOT and the City of Detroit: Page 4, **"Now, therefore, in consideration of the premises and of the mutual undertakings of the parties and in conformity with applicable law, it is agreed: 1. The Project meets the objectives as identified in the Gateway Study....."**

Hope that helps. If you have additional questions, or if you would like copies of the respective documents please let me know.

Doc No 20940

Public Oversight Meeting and PWC Draft Final Report
Sent: Wednesday, January 31, 2007 2:40 PM
To: Steele, James; Hochman, Jill; Petzold, Roger; Werner, Frederick; Saunders, Michael
Cc: Rizzo, Ryan; Salus, James; Kirschensteiner, James
Subject: RE: Public Oversight Meeting and PWC Draft Final Report

A. There is a large understated "pink elephant" in this room that should be driving every element of the decision making: Namely, the fact that real tolls will not raise sufficient funds to build the project and therefore some kind of public subsidy from both countries will be necessary. (Shadow tolls and availability payments are forms of public subsidies.) If this is true, it seems to me, that it will require legislative action on both sides to implement the subsidy. There being little reason to bring in the American side in planning for any needed subsidy for the high expenditure Canadian access roads it is best that the bi-national elements of the project be kept minimal. i.e. let the bridge and plaza be bi-national or joint venture, and let the access roads be a single nation's responsibility. Further, the arguments that we all made in the previous round of e-mails are still valid: permitting, contract scheduling, the fact that many more bidders will be forthcoming on a \$1 billion project vs a \$6 billion project etc really make it more sensible to go the multiple project approach vs. the one large project approach--which the consultant proposes in their JV analysis.

B. The distinction between joint venture and bi-national authority are still not clear to me, and I hope this section was vetted by an attorney familiar with the laws of all relevant jurisdictions. I very much doubt if joint ventures will free project owners from legislative interactions.

C. The concession terms being suggested are on the short side. These days 50 to 75 year concessions are commonplace; and I think you would get more bidders with these higher terms.

Prabhat

-----Original Message-----

From: Steele, James
Sent: Wed 1/31/2007 9:19 AM
To: Hochman, Jill; Petzold, Roger; Werner, Frederick; Diksit, Prabhat; Saunders, Michael
Cc: Rizzo, Ryan; Salus, James; Kirschensteiner, James
Subject: FW: Public Oversight Meeting and PWC Draft Final Report

Attached is the draft report from PWC for the financing-risk assessment for the new Detroit International Crossing. This is a draft and comments are due in next week. Any thoughts?

Jim Steele

From: Ziegler-Goldberg, Miriam (MTO) [mailto:Miriam.Ziegler-Goldberg@ontario.ca]
Sent: Wednesday, January 31, 2007 10:34 AM
To: HOEFFNERT@michigan.gov; mooresar@michigan.gov; Brenda Chapman; FriersonM@michigan.gov; Steele, James; MortelS@michigan.gov; Natarelli, Fausto (MTO); Ziegler-Goldberg, Miriam (MTO); PARKIND@tc.gc.ca; Andrew Shea; ODELLS@tc.gc.ca; deanc@tc.gc.ca
Cc: Skenderis, James (MTO); Cruikshank, Nicole (MTO); Sorgente, Enzo (MTO)
Subject: Public Oversight Meeting and PWC Draft Final Report



cc. Mohammed

OFFICE MEMORANDUM

DATE: January 27, 2006

TO: Larry E. Tibbits
Chief Operations Officer

FROM: John C. Friend
Engineer of Delivery

Brenda J. O'Brien
Engineer of Construction and Technology

[Handwritten signatures and date 2/14/06]

SUBJECT: Detroit River International Crossing - Geotechnical Design Policy

This memo is to request approval of a geotechnical design policy for the Detroit River International Crossing (DRIC). As part of the early preliminary engineering study for the DRIC, consultants working for MDOT and Canada investigated the location and potential impact salt solution mines may have on the project. The area beneath Detroit and Windsor, especially near the Detroit River, has been historically mined for salt, often using solution mining methods. Solution mining involves drilling wells down to stratum containing salt, typically about 1,200 feet below ground surface. Water is pumped down the well to dissolve the salt, and then returned to the surface where the salt is recovered. Solution mining creates large caverns where the salt deposits have been removed. Caverns from adjacent wells often coalesce to produce composite caverns called galleries. The uncertain shape and size of the caverns combined with variability in the rock properties, fissures, and geological formations above, have resulted in instability and collapse of rock layers that form the roof of the cavern. This internal collapse of the rock structure at depths between 1,100 and 1,200 feet can reflect back to the ground surface producing sinkholes. In fact, roof collapses have caused sinkholes in some of the areas included in the DRIC study. In 1954, a roof collapse of a solution mine resulted in the rapid development of a sinkhole beneath the Canadian Industries Limited (CIL) complex, which was located in west Windsor at Sandwich Street and Prospect Avenue. The sinkhole disrupted industry, endangered the public, and forced evacuation of office buildings in the CIL complex as they settled. The incident was widely publicized at the time making front page news "all over the world." In 1994, a roof collapse of a salt mine caused ground subsidence and the collapse of a bridge carrying State Route 20A near Cuylerville, New York.

The bridge crossing the Detroit River will be a long span structure designed using AASHTO's LRFD code and a comparable Canadian code. Due to the size, complexity, strategic importance, and extreme capital investment of a long span bridge, unique safety factors must be used to achieve stringent reliability levels and the desired design life of the investment. Modern bridge design codes use reliability theory to calibrate load and resistance factors so that each component of the structure will provide uniform safety levels and long-term maintainability. The foundation materials are a very important component of the structure and are also subject to the same

reliability based requirements. The lack of experience, knowledge of the materials, and failure mechanisms associated with salt mine cavern failures make it improbable that a reliability based design can be done if the foundations of the bridge are placed within the influence of a salt mine cavern. Long-span bridges typically must be designed as a non-redundant, fracture critical structure; therefore, subsidence of the foundation material beneath the main span's primary substructure units will almost certainly result in catastrophic failure. Ground subsidence beneath the approach span substructure units can also result in a collapse of the superstructure above.

The consultant documents produced during the study have shown that, most often, attempts to mitigate ground subsidence beneath engineered structures have been unsuccessful, resulting in eventual abandonment of the project or relocation of the structure. It is also improbable that the caverns can cost-effectively be mitigated by grouting, due to the unpredictable size and connectivity of adjacent caverns. The most likely results will be large cost over runs and failure to confidently achieve the safety factors needed for a structure of this magnitude and importance.

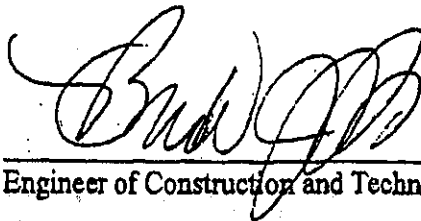
Therefore, we recommend the following geotechnical design policy for the DRIC:

1. All bridge foundations shall be founded on continuously competent bedrock.
2. The location of all primary and secondary substructure units shall be placed safely beyond the failure influence of any salt mine caverns.

If you have any questions or need additional information, please contact us.



Engineer of Delivery

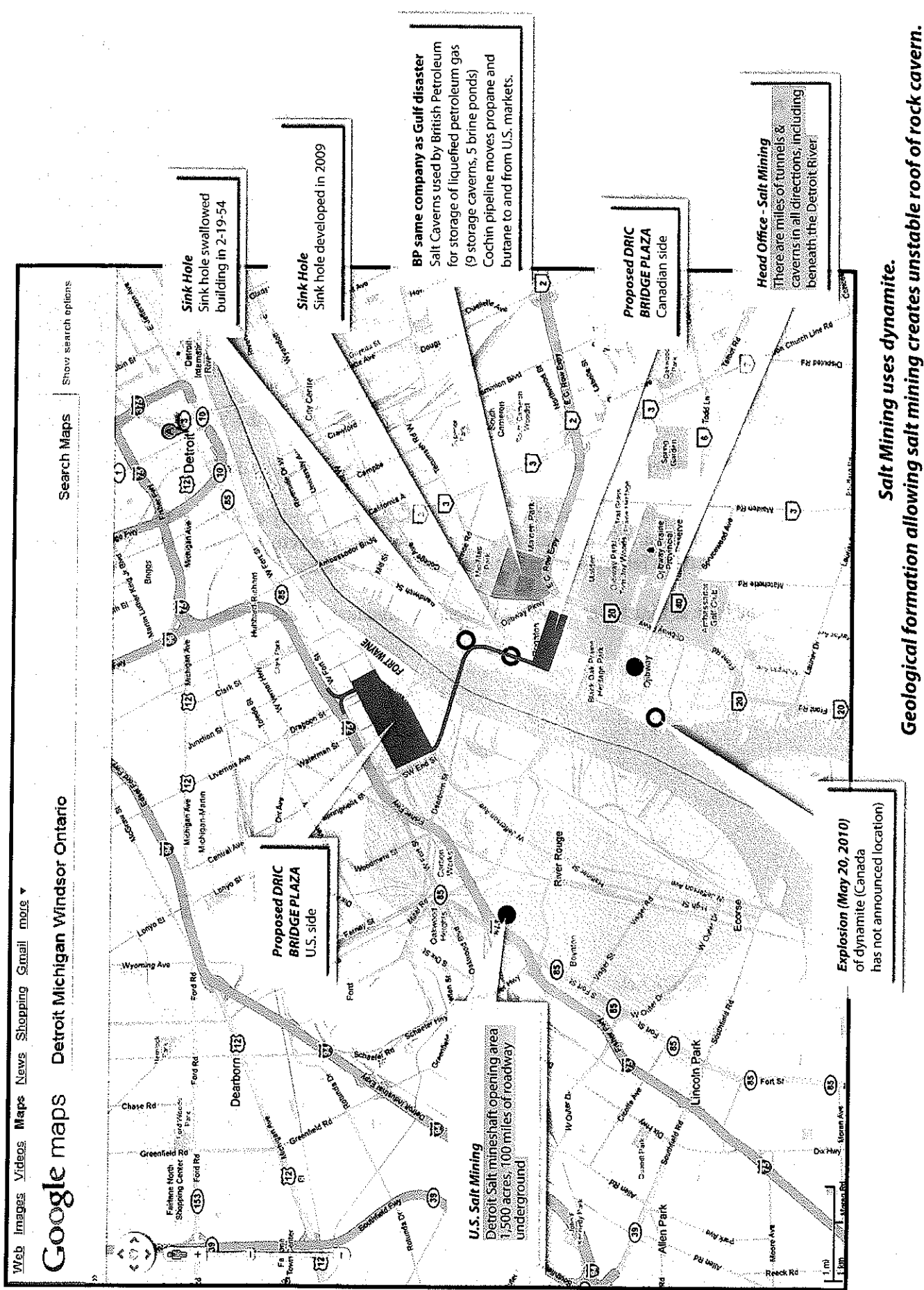


Engineer of Construction and Technology

BOHD:C&T:DAJ:clc

cc: S. Mortel
P. O'Rourke
D. Endres

Proposed DRIC Bridge - Security & Structural Integrity? SALT MINING & LIQUID PETROLEUM GAS STORAGE AT THE DRIC SITE



May 19, 2011

<http://detnews.com/article/20110519/OPINION01/105190347>

Get politicians off bridge kick

DAVID L. LITTMANN

Three and a half years ago, before the severe national economic downturn, I used these columns to highlight a potential corruption: Lansing's attempt to foist a "second bridge to nowhere" on the beleaguered taxpayers of Michigan.

In that column, I noted the contradiction between the former governor's plea of poverty in reference to the state's budget while, at the same time, endorsing billions in spending on a new government-sponsored bridge to compete with the Ambassador Bridge between Detroit and Windsor. Today, with even more perilous budgetary and economic conditions facing citizens of Michigan, a new governor from a different political party is again calling for a \$2.1 billion outlay in constructing a bridge to compete with the one we already have.

Had traffic volumes risen according to Lansing's forecasts between 2006 and 2011, the premise for building a duplicate bridge might deserve consideration. But Michigan Department of Transportation projections have been consistently wrong since 1991. Today, total traffic between southeastern Michigan and Canada remains between 50 and 60 percent of the peak volumes that Lansing used to pad its case for "building a new (fill in the blank) and it will come" scenario.

These challenges to reality and perennial political skirmishes with Michigan's flagging economic condition have become dangerous. Indeed, the latest decade has reinforced what has been quite evident to the millions of our citizens who have lost jobs, settled for part-time or under-employment situations, or given up and left for more promising business climates. In the past decade alone, Michigan has captured the dubious distinction of becoming the only state to have lost population. How does this help traffic volumes? Michigan now wears the mantle of having more government jobs than manufacturing employment. Bankruptcy and downsized payrolls of two of our state's automakers, along with sub-par economic outlook for recovery of Michigan auto sales, are factors suggesting further stagnation of traffic volumes.

The validity of any economic forecast depends largely on the climate of competitiveness and profitability existing within the community, state or nation. In Michigan's case, even in 2007, it was clear that our state was bringing up the rear when it came to growth in the key metrics: housing values, population, personal income and employment. Now the decade of the 2000s is behind us. The data are in. Michigan ranks last or very nearly last in each of these four key measures of economic well-being.

To minimize or disregard the financial implications of a teetering economy is to play roulette with our existing infrastructure and public institutions.

The cost of ignoring reality is to watch existing public roads, ramps, bridges and overpasses crumble. Why, therefore, would politicians or Lansing's public policy advisers place bets on "the come" when it concerns scarce dollars from a budget that is chronically deficit-ridden — a budget calling for more borrowing, either from Canadians or from citizens of Michigan and other states?

There is a more honest and sensible alternative to high-handed, largely unaccountable government intervention in bridge-building. Regardless of Lansing's usual claims of our being "blown away" by the new-2011 "tooth fairy" promise that the \$2.1 billion bridge "will not cost Michigan one dime," the truth is that the Ambassador Bridge operation is already in the process of erecting the modern twin, along with the updated

infrastructure, as replacement for the existing bridge at that site.

The beauty of this solution is clear. Ambassador Bridge people are experienced, responsive to the public, and have a universally acknowledged track record for running a profitable enterprise that keeps tolls low without absorbing taxpayer subsidy. It is privately owned and operated and provides thousands of jobs. Encouraging the continuity of such private sector success stories is the finest way for Lansing to show other states and nations that we are finally serious about pursuing our path to a financial and economic renaissance.

David L. Littmann is senior economist with the Mackinac Center for Public Policy. Email comments to letters@detnews.com.

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Public bridge would be unconstitutional

This is a summary of the opinion provided by Robert Sedler to the Detroit International Bridge Co., whose lawyers retained him to examine questions of constitutional law relating to a proposed Michigan-Canadian bridge over the Detroit River.



Robert Sedler

By ROBERT A. SEDLER

In 1921, Congress made a policy decision to enact a special act, giving a franchise to a named American company, the predecessor of the Detroit International Bridge Co., to construct, operate and maintain a bridge over the Detroit River between Detroit and Windsor. Reciprocal legislation was enacted by the Parliament of Canada, giving a similar franchise to a named Canadian company, now a subsidiary of DIBC.

The reason Congress made this decision was because of the engineering challenges

inherent at that time in designing and constructing a bridge of such size and load capacity. So

Congress and the Canadian Parliament enacted

reciprocal laws, providing that the responsibility for constructing, operating and maintaining the bridge would be turned over to a named private company that would bear all the risks of construction and maintenance and could charge "nondiscriminatory and reasonable tolls" for traffic over the bridge.

Pursuant to the franchise established by the Special Act of 1921, the Ambassador Bridge was constructed and went into operation in 1929. The Ambassador Bridge remains today as the only congressionally authorized bridge over the Detroit

River between Detroit and Windsor.

Accordingly, if the State of Michigan were to attempt to construct and operate another bridge over the Detroit River between Detroit and Windsor to compete with the Ambassador Bridge, either on its own or pursuant to an arrangement with Canada, there would be a direct conflict between the action of the State of Michigan and the 1921 Special Act of Congress.

Whenever there is a direct conflict between the action of a state and a law of Congress, under the Supremacy Clause of the Constitution, the action of the state is unconstitutional as pre-empted by federal law.

In 1972, Congress passed a new bridge act intended to simplify the permitting process for U.S.-international crossings. The 1972 Bridge Act authorizes states to negotiate

with Canada for the construction, operation and maintenance of a bridge between the two countries.

However, the act does not in any way authorize a state, any state agency or any federal agency to negotiate any agreement that would supersede or alter any previously granted congressional rights. Thus, the act does not permit Michigan to negotiate with Canada for the construction of a bridge that takes away the existing franchise rights of DIBC. Only Congress can negotiate with Canada in such a manner as to amend any rights granted to DIBC by Congress.

It is my studied opinion that a proposed Michigan-Canadian bridge across the Detroit River between Detroit and Windsor would be unconstitutional as pre-empted by federal law.

■ ROBERT A. SEDLER IS A CONSTITUTIONAL LAW PROFESSOR AT WAYNE STATE UNIVERSITY.

Murky water -- Bridge cost overruns: Extent of Canada's funding promise unclear

By Bill Shea

CROSSING THE BORDER

Who pays for the \$2.118 billion New International Trade Crossing project:

Canada:

- I-75 interchange: \$385.9 million
- Canadian plaza: \$370 million

Canada and U.S.:

- U.S. plaza: \$413.6 million. \$150 million by Canada and \$263.6 million by U.S. federal government

Private sector:

- Bridge: \$949.1 million

Source: Transport Canada

Gov. Rick Snyder's administration has promised that constructing a \$2.1 billion Detroit River bridge won't cost the state a cent because of a Canadian pledge to cover Michigan's costs, but it remains unclear whether that pledge would remain true if the project costs more than expected.

In letters sent in April 2010 and March 2011, Canada has promised up to \$550 million for Michigan construction costs on the **New International Trade Crossing** that are otherwise not assumed by the private sector or U.S. government. But it is silent on factors such as cost overruns.

The \$550 million leaves just a \$14 million cushion on a project whose true cost won't be known for years because it hasn't been engineered or designed, land hasn't been acquired or bids sought.

The money applies to all of the work that would be done on I-75 for the bridge and \$150 million of the plaza construction, with the **U.S. General Services Administration** picking up the remaining \$263.6 million. The bridge itself will be privately financed.

The project's backers say Canada will cover not only up to \$550 million but also will assume all debt and cost overrun risk for the entire project, which would link I-75 and Ontario's Highway 401 between Detroit's industrial Delray neighborhood and Windsor's Brighton Beach area.

"The Canadians may have to pay more than the \$550 million ... to complete the project. That will be their decision. But Michigan's costs to move forward remain the same -- zero," Tom Shields of Lansing-based **Marketing Resource Group Inc.**, said via email. He has declined to say who has hired him, but it's believed to be various private-sector

corporate NITC advocates who pay him to act as a spokesman for the project.

However, no one can point to any formal or informal Canadian promise to do anything but spend the \$550 million.

The money would be repaid via tolls, Canada has said. It also would cover any shortages or debt for the span itself, but it hasn't said anything about the non-toll generating portions of the project in Michigan -- the highway interchange and plaza.

The letters

The March letter sent to Snyder from Canadian Transportation Minister Chuck Strahl, which reaffirms a similar letter sent in April 2010 from a previous minister to then-Gov. Jennifer Granholm, indicates a detailed arrangement has yet to be worked out: "As noted in that letter, upon the Michigan Legislature adopting all of the authorizing legislation for the implementation of the ... project, Canada, Michigan and a future private partner would have to enter into the requisite governance and financial agreements to implement the project."

The letters are enough for Snyder.

"Both letters are clear and to the point; extra elaboration is not necessary at this point," said Ken Silfven, Snyder's deputy press secretary, via email.

Transportation infrastructure insiders, however, are wary of the estimates, and Snyder must convince his own party -- which has expressed skepticism about the project and allowed the last attempt at enabling legislation for it to die in committee last year -- that Michigan should proceed with a new bridge.

The draft of a new bridge bill being floated in Lansing protects Michigan, Silfven said, and shifts all cost burdens to Canada. The legislation is needed, though, to authorize the state's participation in the project and to establish oversight of its portion of the bridge, highway and bridge plaza work done on this side of the river.

"Our proposed legislation states that Michigan has no financial or moral obligation to pay anything. So, if by some chance there are cost overruns, they cannot be paid by Michigan and would have to be paid by the Canadian partnership," he said.

Whether Canada agrees is unknown. A spokesman for **Transport Canada**, the lead agency on that nation's portion of the project, declined to comment last week because of government transition linked to the recent Canadian national elections.

The U.S. federal government has voiced support for the project but has not committed any funds to it and has deferred all comment to Michigan.

Proponents say the span is needed to handle future border traffic and trade needs, ease congestion in Windsor and provide safety redundancy for the nearby Ambassador Bridge.

X factor: Cost

The greatest unknown factor with the project will be its actual cost, which is estimated today at \$2.1 billion. With construction not expected to begin for several years, natural inflation of labor and material costs means Canada's promise of \$550 million might not be enough to pay Michigan's share of the project.

"You could say it is the present best estimate based on today's costs. If the project is pushed off several years -- and I agree it might well be -- then they'll need to do new cost estimates, and traffic and revenue estimates," said Peter Samuel, editor of Frederick, Md.-based *Tollroad News*.

The cost estimates for Michigan were developed in 2009 by the Southfield office of Louisville-based **The Corradino Group**, the bridge project coordinating consultant hired by the **Michigan Department of Transportation**. Corradino has been paid \$31 million by MDOT since 2005 for bridge work, Silfven said.

The I-75 highway interchange is predicted to cost \$385.9 million and the U.S. plaza will cost \$413.6 million. The nearly \$1 billion bridge itself would be financed by a private-sector concessionaire.

Major public infrastructure projects often are plagued by cost overruns -- Boston's infamous "Big Dig" bridge and tunnel project escalated from \$2.8 billion to \$22 billion -- but Silfven said that won't happen with the Detroit bridge because of new federal rules.

Critics also point to the Zilwaukee Bridge over the Saginaw River, an MDOT project whose \$79 million budget ballooned to \$127 million. Work began in 1979 and was expected to last three years, but the span wasn't completely open for traffic until 1988.

"Most of the cost overruns associated with these projects were the result of inflationary increases in the cost of materials between the time when the initial estimate was made and the time the project was finally constructed," Silfven said. "Consequently, (the **Federal Highway Administration**) now requires that large projects of this nature be estimated using year-of-expenditure dollars."

He also noted that state road projects financed by federal stimulus funding have come in under budget, and the \$230 million Ambassador Gateway project that linked I-96 and I-75 to the Ambassador Bridge was on budget.

"Another requirement by FHWA is that the initial cost estimate prepared by the state DOT must be reviewed by a FHWA cost-estimating team, which verifies both the estimates of quantities and cost of materials and the inflation rate used to reach the year of expenditure estimate," Silfven said. "Consequently, the large cost overruns observed in the past are less likely to occur."

X factor: Time

How long it takes to get the proposed bridge shovel-ready will drive its price.

The bridge project's costs are estimated in 2009 dollars, and there are several factors that could lead to a higher final price:

- The bridge, plaza and interchange haven't been designed.
- Material costs fluctuate but are generally on the rise. Steel rebar in January 2010 was \$570 a ton, and rose to \$806 a ton in 12 months.
- Land hasn't been acquired in Michigan, and some property owners in the project footprint -- including opponent Manuel "Matty" Moroun, owner of the rival Ambassador Bridge two miles away -- are expected to contest things. The project is estimated to require 160 acres in Delray, a site that is home to 43 businesses, 257 homes and five churches

Another factor in delaying the project could be its official authorization by Michigan.

It could take up to two years after passage of required enabling legislation before the private sector begins construction, Michigan Lt. Gov. Brian Calley has said.

If the bill gets passed by summer, bridge construction potentially could start by mid-2013, which would be followed by 48 to 52 months of work.

Midsummer assumes calm waters on other legislative fronts: Snyder's office has said the bridge bill won't be introduced until work on the budget and tax-reform bills is done.

The governor then must persuade his own party to support the bridge, which otherwise is widely supported by the business community and various organizations.

Snyder has made the bridge a priority for his administration, and the draft enabling legislation is aimed at currying support from skeptical GOP lawmakers who allowed a different bridge bill to die last year by never allowing it to leave a committee.

Timing is crucial to the cost, industry watchers say.

"My impression is that there has been fierce competition by construction companies to get these kinds of projects in the past year or two, so prices are presently good for the customers such as toll authorities," Samuel said. "If they could move quickly to procurement, they'd get a good price, which hopefully would hold through completion of the bridge."

The American Spectator **The Public Policy**

A Tale of Two Bridges

By F. Vincent Vernuccio on 4.11.11 @ 6:07AM

What do you do if you lose 25 percent of your population in a decade, bringing your city to a 100-year low, and you have a perfectly good private bridge? Well, why not have the taxpayers build a new \$5.3 billion bridge using public money! It may sound strange but that is exactly what a combination of unions, government officials, and businesses are trying to do in Michigan. The project is called the Detroit River Intentional Crossing (DRIC), currently being promoted as the New International Trade Crossing, and would connect Southeast Michigan to Canada. The problem is there is already a privately owned bridge -- therefore no cost to taxpayers -- two miles away called the Ambassador Bridge.

Michigan does not have the funds to pay for their portion of the bridge and would need to take out a \$550 million dollar loan from Canada. The loan could then qualify for 80 percent to 20 percent federal transportation matching funds, putting Uncle Sam on the hook for \$2.2 billion. While capacity enhancements are needed to alleviate Detroit-Windsor border congestion in the long-run, the government has no positive role to play.

The owners of the Ambassador Bridge have already spent \$500 million to prepare a new crossing and have pledged another \$500 million (of private funds) to create another span. If the DRIC project is to proceed, it will almost certainly crowd out the private expansion project led by the Ambassador's owners, meaning that taxpayers will be paying for something previously provided by a private company.

Furthermore, twinning the Ambassador Bridge is by far the most economical method to increase bridge capacity over the Detroit River. The section of the river that the Ambassador crosses is narrower than the section proposed for the DRIC crossing, which lowers costs. There are also existing and nearly complete high-capacity connections to U.S. Interstates, another cost savings.

Proponents of the government bridge claim the Ambassador Bridge does cost the taxpayers something. They argue that one cannot call the bridge free because it is a toll bridge. Forget for a minute the assumption that all taxpayers must subsidize services only some use. The cost of construction for the DRIC is \$194 for your typical Michigan family, which will be paid for in taxes as well as tolls. The Ambassador Bridge toll is currently four dollars, so if the government really wanted to subsidize travel between the U.S. and Canada, it could give vouchers for 48 crossings to every family in Michigan. Of course, the DRIC would also be tolled -- likely by a private firm -- which is why this supposed defense of "free" bridges from nefarious private bridge companies is completely nonsensical.

With reality against them, DRIC supporters are claiming the bridge needs to be built because it will create jobs. This is a typical rationale used to support pork barrel projects that cost taxpayers billions but add little to no long-term benefits. Michigan does need jobs. The state's unemployment rate has been among the worst in the nation for years. But what Michigan needs is real jobs, not make-work.

Jobs and lives will actually be destroyed by construction of the new bridge. DRIC would clear around 300 acres of residential neighborhoods, forcing families, business, and churches to relocate. Lawmakers are grasping at anything that will provide employment, but in their zeal to "do something," they will do more harm than good. Jobs created by the private sector that do not force people out of their homes, such as the ones created by the twinning of the Ambassador Bridge, are the answer to Michigan's employment problem.

With all the arguments, there are still many unanswered questions. Jake Davison from Americans For Prosperity-Michigan, one of the groups leading the effort against the DRIC, asks, "Who will set and collect the tolls, Canada or the U.S.? Does Canada have the first claim to the toll revenue or the private investor -- and where does that leave Michigan? What percent of jobs on the DRIC will go to Michigan workers and companies?"

So far, these questions have not been answered and the DRIC is still in the planning stages. Government should not compete with private industry and lawmakers should not make taxpayers pay for duplicative services. Michigan does not have the money to build the bridge and the federal government is running massive debts. Either way, it is quite clear that neither the state nor the country can afford the DRIC and both should avoid amassing more foreign-held debt. If you don't believe that, I've got a bridge to sell you.

(Marc Scribner contributed to this article.)

F. Vincent Vernuccio is Labor Policy Counsel at the Competitive Enterprise Institute.



July 20, 2008

Calley: State's proposed bridge project does not make sense

A few years back, a study was started to investigate the need for a new international crossing between Detroit and Windsor, Canada. It is called the Detroit River International Crossing study, or DRIC for short.

The study is funded through Michigan's Transportation budget. It is a very small line item, but it has caused a big disagreement.

The Ambassador Bridge handles a large portion of the truck traffic between the U.S. and Canada. This is important because Canada is our largest trading partner.

It is imperative for our economy (both state and national) that we ensure that commerce continues smoothly between Michigan and Canada. A bottleneck here could lead to serious economic ramifications.

The Ambassador Bridge is owned and operated by a private company; as it has been for decades. By all accounts, it is a well maintained and managed border crossing.

The question of whether or not to build a new bridge would normally bring all kinds of consternation, because this type of bridge could really bust the budget. In fact, if Michigan were to build a new bridge between Michigan and Canada, it would probably be the most expensive infrastructure project in our history.

However, today in Michigan, we have a very unique opportunity. The owners of the Ambassador Bridge want to build a new bridge themselves. It would be located right next to the existing bridge. And here is the best part: they are not asking for any money from the state to do so.

So what has been the reaction from the state? Basically, it has been "thanks, but no thanks. We'd rather build our own."

Just to set the perspective, the entire Michigan Transportation Budget stands at a bit under \$3.4 billion. The cost to Michigan of a new bridge of this magnitude could top \$2 billion.

And here is the kicker: much of the amount spent by the private company on a new bridge would qualify for the federal match. That could fetch our Transportation budget a couple billion dollars from the feds.

It seems the state bureaucracy has a philosophical opposition to privately owned infrastructure. That opposition goes so far, that they're willing to break the state budget, and leave billions in federal dollars on the table to build their own bridge.

The most ironic part is that the disagreement within the current budget is not about building another bridge now. It is much more basic than that. I, and others, simply want language inserted into the transportation budget that says MDOT can't start building a new international bridge without first coming back to the Legislature for permission. Therein lies the issue with the administration.

My argument is two fold. First, I don't want an already strained Transportation Budget to be burdened by a new bridge if private capital is available to accomplish the same. Why siphon money away from roads in places like Barry and Ionia counties if we don't have to?

Second, I want access to the federal match dollars so that we can improve our transportation system. Given the cost of road construction these days and the stagnant revenue stream in to the Transportation Budget, we can ill afford to pass up this opportunity.

But hey, I'm just a regular guy who still thinks that billions of dollars is a lot of money.

Brian Calley is the representative for the 87th District in the Michigan House of Representatives. Residents can contact him at (517) 373-0842 or via e-mail at briancalley@house.mi.gov.

August 21, 2008

Brian Calley: Don't accept MDOT's spin on bridge funds

Federal report puts Detroit plan in different light

Bill Shreck of the Michigan Department of Transportation (Forum, Aug. 3) recently responded to some thoughts that I shared earlier about the Detroit River International Crossing study and the possibility of new bridge construction.

Unfortunately, his commentary was extremely misleading - although I suppose I should be used to that by now.

He stated the construction of a new crossing by the Detroit International Bridge Company would not bring any matching federal funds. He seemed to speak for both MDOT and the Federal Highway Administration. I have a FHWA document dated Aug. 4, 2008, entitled "Innovative Management of Federal Funds." It indicates otherwise.

"Toll credits are earned when a state, toll authority, or a private entity funds a capital highway investment with toll revenues from existing facilities." The document goes on to say, "By using toll credits to substitute for the required non-Federal share on a Federal aid project, Federal funding can effectively be increased to 100 percent."

Additionally, Shreck said there would be no impact on funding for local roadways.

This is interesting in light of information found in the same FHWA document. It reads, "Toll credits provide states with more flexibility in financing projects. For example, by using toll credits, 1) Federal-aid projects can be advanced when matching funds are not available, 2) state and local funds normally required for matching may then be directed to other transportation projects ..."

It seems that there could be an impact on funding available for local roads after all.

Shreck will probably say toll credits from the Ambassador Bridge will not qualify for the federal money for some mysterious reason. But, of course, MDOT is already using such credits on the Gateway Project.

MDOT could make better use of the toll credits from the Ambassador Bridge, but I do not think they have really tried. I find this troubling, given the fact that they are currently pushing a gas tax increase.

But the most telling part of his commentary is in how he failed to address the main point of my original piece.

You see, I do not oppose the completion of the DRIC study. All I said is that I want "language inserted into the transportation budget that says MDOT can't start building a new international bridge without first coming back to the Legislature for permission."

After all, this promises to be the most expensive infrastructure project in the history of MDOT. It therefore seems reasonable that the study would be aired and debated before anyone stuck shovels in the ground.

But, of course, these guys really hate oversight. It comes with a pesky thing called accountability.



August 3, 2008

Shreck: Bridge project won't bring in new federal \$\$

State Rep. Brian Calley, R-Portland, is just plain wrong when he says the proposed new border crossing between Detroit and Windsor would take away state transportation dollars from Michigan counties. I'm writing to set the facts straight about the Detroit International River Crossing (DRIC) study of the busiest trade crossing in North America.

The owner of the Ambassador Bridge, the Detroit International Bridge Company, wants to build a replacement span. The existing bridge is 80 years old and needs major maintenance that can't be done while maintaining traffic during construction. Contrary to the statement that "the bridge owners are not asking for any money from the state," the bridge company has asked for, and is receiving, more than \$206 million of state and federal transportation dollars to improve operations at the existing bridge and to accommodate a new span.

The bridge owners also have asked the Michigan Department of Transportation to spend several millions more to relocate M-85 (Fort Street) to accommodate a plaza expansion for the replacement span. The bridge owners also want to use tax-exempt bonds to finance this project.

To be clear: All bridges of this type, whether publicly or privately constructed and operated, ultimately are paid for with tolls collected from the people who use the bridges. This is how Michigan built the Mackinac Bridge, the International Bridge at Sault Ste. Marie and both of the Blue Water Bridges at Port Huron. It is how the Ambassador Bridge was built and how the bridge owners will finance a replacement span.

It is wrong to assert that the owners of the bridge will build their bridge "at no cost to the government" or even "at no additional cost" when, at the same time, and out of sight of the public, they are applying for government assistance in one form or another.

Calley also is wrong about the Detroit International Bridge Company's ability to generate matching funds. This falsehood continues to be heard even though MDOT and the Federal Highway Administration have repeatedly told the Legislature that the bridge company's project cannot and will not bring new federal dollars to Michigan.

MDOT supports a replacement of the existing bridge, but also believes a new border crossing, as proposed by the DRIC study is needed to keep trade flowing and protect our economy.

Finally, MDOT is not opposed to private enterprise being involved in the transportation infrastructure business. Public/private partnerships are one of the options the DRIC study is pursuing to build and operate a new bridge.

We agree with Calley that \$1 billion is a lot of money. That is why MDOT is determined to use facts and hard evidence in the management of Michigan's border crossing network, so that our state will continue to reap the economic benefits of the billions of dollars in trade that cross Michigan's borders every week.



U.S. Department
of Transportation
Federal Highway
Administration

Michigan Division

January 26, 2011

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In Reply Refer To:
HAD-MI

Mr. Kirk. T. Steudle
State Transportation Director (B450)
Michigan Department of Transportation
Lansing, MI 48909

Dear Mr. Steudle:

You asked that we confirm that the State of Michigan may use funds donated to the State as the required non-Federal share for Federal-aid projects under Title 23 of the United States Code. We concur in that conclusion.

In addition, we agree that the State of Michigan, with the approval of the Secretary of Transportation, may develop a program of surface transportation projects for which the State will use donated or State funds to meet the non-Federal share requirement for the approved statewide program.

Please note that we must further work together to finalize the development and approval of a program of projects, as well as to reach an agreement as to the manner, timing, and other details related to how the State of Michigan would meet the non-Federal share requirements of an approved program.

We look forward to continuing to work with you to address the important surface transportation needs of the State of Michigan.

Sincerely,

Russell L. Jorgenson
Division Administrator



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